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- (1) Minshuto up against wall over Horie e-mail controversy; Party-head debate today; LDP has upper hand

ASAHI (Page 4) (Abridged slightly)

February 22, 2006

The major opposition Minshuto (Liberal Democratic Party of Japan) is in the hot seat over the authenticity of an e-mail allegedly sent by former Livedoor Co. President Takafumi Horie instructing his company to send money to the second son of Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe. Minshuto has yet to respond to the LDP's demand for evidence to verify the authenticity of the e-mail. Minshuto President Seiji Maehara has said, "The ultimate responsibility for any matter concerning the party lies with me." Depending on how today's party-head debate unfolds, a call for his resignation as party president to take the blame may arise from within his own party.

Maehara may be pressed to step down to take the blame

The authenticity of the e-mail dominated the questions in Maehara's press conference yesterday. Asked by reporters for evidence, Maehara failed to reveal any specific information and only repeated, "It's a delicate matter. The e-mail is highly credible."

Minshuto also presented a sheet of paper simply listing a set of four issues, including the Livedoor scandal, for the Feb. 22 party-head debate. Asked for the contents, Maehara only said yesterday: "We are going to study them. Just wait till tomorrow." Minshuto Diet Affairs Committee Chairman Yoshihiko Noda, who had been anxious to see a heated debate, also noted: "We don't know if we are going to produce something new. A decision will be made by President Maehara after conducting a discussion until late at night." Some Minshuto members think Maehara should touch slightly on the e-mail and shift his attention immediately to other subjects.

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Irritation is mounting in Minshuto. In an officers' meeting yesterday morning, Azuma Koshiishi, who heads the Minshuto caucus in the Upper House, said curtly, "I would like to see the matter settled before the budget comes to the Upper House." In a press conference yesterday, Upper House Diet Affairs Committee Chairman Kenji Hirata touched on Maehara's responsibility, commenting, "In the end, the person in charge of the party (Maehara) should take the blame."

The LDP apparently have the upper hand over Minshuto. Secretary General Tsutomu Takebe told a press conference yesterday, "It has become clear that the e-mail in question is groundless. We cannot leave the matter up in the air."

LDP Lower House member Katsuei Hirasawa appeared on TV talk shows one after another from the night of Feb. 20 through noon of the following day. Armed with a copy of a similar e-mail he independently obtained, Hirasawa repeatedly called the e-mail allegedly sent by Horie a fake by pointing to the server software different from that used by Horie and other factors.

Asked by reporters for his measures for the Feb. 22 party-head debate, Prime Minister Junichiro Koizumi said yesterday: "Opposition leaders are going to hurl questions at me. I will make decisions after hearing them."

Efforts to find a way out by focusing on money flows

Five days have passed since Minshuto lawmaker Hisayasu Nagata made public the e-mail allegedly sent by Horie. But he has not made a public appearance since last weekend. "I think he has been endeavoring to obtain new information," Maehara said. But Nagata is not in a condition to verify the authenticity of the e-mail, according to a senior Minshuto member. On the night of Feb. 20, senior Minshuto members discussed possible solutions with a lawyer, but they failed to come up with any innovative ideas other than the initial plan to persistently urge the ruling coalition to allow the Diet to exercise its investigative power.

Minshuto aims for the invocation of the Diet's investigative

power to disclose the bank account held by Takebe's son and the detailed records on all the money he received and spent.

The LDP has rejected Minshuto's request, saying that there is no need to invoke such power once the bank account becomes clear. LDP Diet Affairs Committee Chairman Hiroyuki Hosoda revealed to reporters yesterday a plan to let LDP and Minshuto representatives and Takebe's son to check the bank account Minshuto has discovered. The plan is designed to allow the parties concerned to settle the matter once for all without invoking the Diet's investigative power.

Finding itself at a disadvantage with the LDP, Minshuto intends to divert public attention from the controversial e-mail to the actual flows of money. The disclosure of the bank account and money transfer records Minshuto has allegedly obtained may give rise to new suspicions. Minshuto Diet affairs chief Yoshihiko Noda emphatically told a press conference yesterday:

"We take a great interest in bank accounts in Japan and overseas. The flows of money around Mr. Takebe and Mr. Horie are far more serious than the e-mail in question. A clue lies in the e-mail."

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Some LDP executives believe that protracting the e-mail controversy would work to the party's advantage in managing Diet affairs.

One Minshuto member noted, "Our patience is being tested. The tables will be turned someday, and the LDP will be in trouble," while another said, "We want to get away from this e-mail mess as soon as possible." Obviously, both optimism and pessimism exist in Minshuto.

(2) Shock waves of Livedoor incident

MAINICHI (Page 9) (Full)  
February 17, 2006

Edward Lincoln, senior fellow at the Council on Foreign Relations: Concerned over emerging companies losing vitality; Establishing surveillance system also important

-- How do you see the Livedoor incident?

"I had the impression that Livedoor was the champion of Japan's emerging companies. Emerging companies will bring about new opportunities for growth to Japan's slack economy. Japan's aging society needs start-up companies. There is, however, concern that if emerging companies lose vitality in the wake of the incident, it will undermine growth of the Japanese economy.

-- Japan's market system is also being put to the test.

"The Tokyo Stock Exchange (TSE) deals with massive stock transactions, but that should not be the excuse for the breakdown of its computer stock trading processing system. Since an increase in stock trading is a recent phenomenon, the TSE should have checked its computer system, envisaging that trade volume would grow more than the regular level. It is surprising that the Japanese stock market has been dependent on such poor information and technology. The incident has presumably happened due to the advanced age of those who manage the market.

-- A market surveillance system has become an issue, too.

"Livedoor used stock splitting as a method to raise stock prices. In Japan, it used to take 50 days for stocks after splits to become available to investors. This is an outdated rule. This could not happen in the US. The TSE's Mothers, the scene of the incident, has made capital procurement by companies easy. At the same time, however, the government failed to apply surveillance pressure. Easing regulations is important, but it is also important for the government to fulfill its role.

-- A possible impact of the incident on the Koizumi reform initiative has been pointed out.

"A sharp increase in exports to China and management efforts by companies have given rise to the ongoing recovery of the Japanese economy. In my view, a similar result has been obtained whoever was prime minister. In my view, the incident this time does not have any direct relationship with the Koizumi reforms. There is nothing new about the vulnerability of the government's market surveillance system.

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Edward Lincoln: Serves as special economic advisor to US Ambassador to Japan Mondale from 1994 through 1996, after working at the Brookings Institute in the US. Expert on Japan. His works include many books on the Japanese economy. 56 years old.

(Interviewer: Correspondent to Washington Jun Nakamura)

Bill Emmot, editor of the Economist Magazine: Gives high praise to Horie's challenge to conventional society; Reform of accounting standards imperative

-- Some have given high marks to former Livedoor president Takafumi Horie in the sense that he questioned the system in the stifling Japanese society.

"He is a show manager. He was extremely good at using himself as a walking billboard. He drew public attention through his attempts to buy out a professional baseball team and Nippon Broadcasting System. He appeared to have been successful in creating a new Japan by opening a possible new approach to its economic society, which is closed to stockholders because of such barriers as backroom maneuvering and a license system.

Horie is worthy of a high praise in the sense that he has challenged Japan's conventional economic society, which has disregarded the interests of shareholders. Shareholders' right must be strengthened in order to make corporate managers aware of their accountability and the need to secure transparency. Of course, such an effort will be meaningless, unless they have a law-abiding spirit.

-- How can lessons be learned from the incident?

"Livedoor used a small auditing corporation, which can avoid the control of regulations. Past scandals also indicate that Japan's accounting standards and auditing corporations are vulnerable. It is imperative to strengthen supervision over auditing corporations and reform accounting standards. It is also necessary to extensively reinforce the staff and funds of the Securities and Exchange Surveillance Commission, which is tasked with monitoring the market and listed companies.

-- The Livedoor shock is still being felt by the emerging market.

"The incident will have no impact on the economy as a whole. It may, however, dampen the morale of young people who want to become an entrepreneur. Since it is hard to understand IT companies' new technologies, investors will remain skeptical for the time being. Even so, new technologies are the source of vitality for society. I do not think that the impact of the Livedoor incident will be felt for more than a year.

Bill Emmot: Graduated from Oxford University, Britain. Served as chief of the Tokyo branch office of the Economist Magazine of Britain. Incumbent post since 1993. He wrote many books, including "The Sun Also Sets" (1990). 49 years old.

(Interview: Correspondent to London Yotaro Fujiyoshi)

(3) Minshuto revises its proposed policy opinion, removing the China-as-threat argument in response to objections in the party

ASAHI (Page 2) (Excerpts)

Evening, February 22, 2006

Minshuto (Democratic Party of Japan) has compiled a draft set of policy view toward China that revises the line that spread by party head Maehara of that country being a "real threat." The draft mentions includes such explanations as although "many Japanese" feel that China is a military threat, the party in the general sense does not perceive it as such. After debate in the a conference of the party's foreign and defense affairs divisions this afternoon, the set of views is scheduled to be included in the party's "Foreign and Security Affairs Vision," which Maehara aims to complete during the current Diet session.

In the draft, increases in ballistic missiles and other arms, such moves as submarine intrusions into Japanese territory are cited as "reasons for many people to feel that China is a threat." In addition, the draft states: "There is a distinct difference between 'potential' and 'intent' to become a military threat, so in that sense, Minshuto does not perceive China to be a threat."

(4) Japan's diplomacy toward China now relies on ruling parties, with diplomatic standoff continuing over such issues as Yasukuni; China's interest shifting to post-Koizumi leaders

NIHON KEIZAI (Page 2) (Full)  
February 22, 2006

Hiroshi Yomo, Beijing

Trips to China by senior officials from the government and the ruling coalition are continuing. Their purpose is to look for ways to resolve the strained relations with China with the ruling coalition's diplomacy and other elements as leverage amid the worsening of Japan-China ties due mainly to Prime Minister Junichiro Koizumi's continued visits to Yasukuni Shrine. As China is positive about exchanges themselves, exchanges without the prime minister are continuing. However, at the outset of the first session yesterday of the ruling coalition's Exchange Council, both Japanese and Chinese officials exchanged jabs over the Yasukuni issue. China's interest is shifting to who will become the leader of Japan after Koizumi. It remains unclear what will happen to Japan-China relations in the future.

Sharp exchanges of views

"Following the spirit of ignoring minor differences for the common good, we will strive to expand common interests to the maximum." At the first meeting of the ruling coalition's Exchange Council held at a hotel in Beijing, Liberal Democratic Party (LDP) Chairman Hidenao Nakagawa emphasized the importance of building a future-oriented relationship in quoting a phrase from the 1998 Japan-China Joint Declaration. Nakagawa also came up with a set of seven proposals for stabilizing bilateral ties and illustrated specifics of a fund for exchanging 100 young people annually.

Prior to Nakagawa's speech, Wang Jiarui, minister of the Chinese Communist Party's International Department, warned: "Continuing the shrine visits is not at all viewed as a minor difference." In response to Nakagawa's explanation that "the prime minister has made it clear he has visited the shrine in the capacity of a private citizen," a Chinese official argued: "It's impossible for

political leaders to make a distinction between public capacity and private." A Japanese official rebutted, "China's repeated mention of the Yasukuni issue could be taken by the Japanese public as unreasonable pressure; as a result, handling it would become even more difficult." Thus both sides exchanged sharp views.

Trade Minister Nikai arrives in Beijing

Japan and China have suspended the exchange of senior-level officials from the government and the ruling parties since Koizumi's visit to Yasukuni Shrine last October, but this level of exchange has now been restored.

Representing the government, Minister of Economy, Trade, and Industry Toshihiro Nikai, a pro-Chinese politician, arrived in Beijing yesterday. Meeting the press, Nikai indicated the need to have an overall dialogue between Japan and China, saying: "Politics and the economy are closely linked and inseparable." He plans to meet today with Premier Wen Jiabao and Commerce Minister Bo Xilai separately. He then will discuss the stalled negotiations on the gas field development in the East China Sea and other issues. In March, former Foreign Minister Masahiko Komura, former Prime Minister Ryutaro Hashimoto, and other Japanese leaders are expected to travel to China and hold talks with Chinese leaders, including President Hu Jintao.

China is inflexible on the Yasukuni issue, so it is apparently impossible to arrange a summit meeting at present. Instead, members of the ruling parties and pro-China cabinet members are moving to repair ties with Beijing, but there is a wide gap between the two countries' motives.

China continues to take a tough stance. A senior LDP member speculated: "Won't it work out a specific breakthrough measure after Koizumi steps down in September and a new prime minister takes office?" Li Zhangchun, a Standing Committee member of the Chinese Communist Party's Political Bureau, on Feb. 20 expressed hope for a post-Koizumi Japanese leader, telling Nakagawa: "I don't think the current chilly relationship will last long. It's important for the Japanese leader to show sincerity and take action."

A set of seven proposals offered by Nakagawa to China for the stability of Japan-China ties

1. Promote a strategy for growth in the Japanese economy, including the conclusion of a Japan-China economic partnership agreement
2. Urge China to become a democratic nation slowly by 2030 by expanding its middle class. Japan will share its experience with China.
3. Establish a trouble-shooting framework in Asia, based on the common interests of Japan and China
4. Promote exchanges of experts and others by making good use of the fund for the annual exchange of 100 persons
5. Be aware of the importance of the mass media's responsibility in making sure that patriotism in the two nations contributes to the stability of bilateral relations
6. Launch joint research on the Sino-Japanese War and, if necessary, allow third-country researchers to participate in the research
7. Promote reform of the United Nations and cooperation in dealing with North Korea and on other issues

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Lawmakers and groups that visited China recently

Date  
Lawmakers or groups

Feb. 8-10  
Former Home Affairs Minister Takeshi Noda

Feb. 19-23  
The ruling coalition's China mission led by LDP policy chief Hidenao Nakagawa and New Komeito policy chief Yoshihisa Inoue

Feb. 21-23  
Economy, Trade, and Industry Minister Toshihiro Nikai

March 30-April 1(Planned)  
The Association for Promotion of International Trade, Japan

(JAPIT), headed by former Prime Minister Ryutaro Hashimoto and seven Japan-China friendship organizations, including the Japan-China Friendship Parliamentary League chaired by Masahiko Komura

Coordination underway to arrange a visit in early May  
Former LDP Secretary General Koga

Chief Cabinet Secretary Abe cautious about research on history with the participation of third-country experts

At a press conference yesterday, speaking of Liberal Democratic Party (LDP) Policy Research Council Chairman Hidenao Nakagawa's proposal to start joint research on the Sino-Japanese War, Chief Cabinet Secretary Shinzo Abe stated: "That proposal is being discussed between the two governments. We'd like to launch such research as quickly as possible." When asked about verification of history on a multilateral basis with the participation of experts from third countries, Abe cautiously responded: "We need to discuss whether doing so is good or not."

(5) Editorial: Resuming US beef imports premature

TOKYO SHIMBUN (Page 5) (Full)  
February 22, 2006

The investigative report on the inclusion of backbones, a specified risk material in a beef shipment to Japan, released by the US Department of Agriculture (USDA) reveals how the backbones were included but it does not make clear why they were included. Therefore, it is difficult for USDA to regain the trust of Japanese consumers in US beef.

In short, the United States asserts in the report that the incident occurred due to a trifling mistakes, but since nobody was harmed, US beef imports should be resumed immediately.

Japan conditioned the complete removal of specified risk materials that could transmit BSE (bovine spongiform encephalopathy) when it lifted a ban on US beef imports in late last year.

The US government stresses that backbones were included in the beef shipment to Japan because a slaughterhouse, a meat-processing facility and USDA inspectors working at the two facilities did not fully know export conditions and that the

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inclusion of backbones in the beef shipment to Japan was an exceptional case.

However, many Japanese consumers will probably not take the report at face value.

The first reason is because the beef shipment to Japan included internal organs that USDA did not authorize.

The second reason is because an auditing report the USDA released prior to the beef shipment incident had revealed that 29 downer cows were slaughtered for consumption in the US. Later, the report explained that injuries caused the cattle to be unable to walk but there remains no documentation on the cause for more than the half of the downer cattle.

The third reason is that of the 40 meatpackers authorized by USDA to export beef to Japan, in addition to the two facilities involved in the inclusion of backbones in the beef bound for Japan, another facility lost its license to export Japan, having violated a USDA-approved quality control program.

Given the situation, the US assertion that the inclusion of backbones in the beef shipment to Japan is an exceptional case is doubtful.

We suspect that quality control by slaughterhouses, processors and USDA inspectors are sloppy and that there are structural defects in the observance of rules and the inspection system.

USDA must respond to those questions. The department revealed a list of 15 measures to prevent a recurrence, along with the report.

The prevention measures include: disseminate thoroughly Japan-bound beef export conditions to slaughterhouses and meatpackers; re-train inspectors; and increase from one to two the signatures of USDA officials necessary for export certifications.

We highly value these prevention measures, but the Japanese government should determine whether the US systems are improved. The Ministry of Agriculture, Forestry and Fisheries and the Ministry of Health, Labor and Welfare, which plan to dispatch soon a fact-finding mission to the United States, need to keep wary eyes of Japanese consumers in mind.

The US government intends to put an end to the beef incident this time with the issuance of the report, but it should not forget that Japanese consumers would be even more distrustful of US beef if it applies political pressure on Japan to resume beef imports.

(6) Crude oil imports; Reliance on Middle East tops 90% last year for first time in 37 years; Imports from Asia drop

MAINICHI (Page 3) (Full)  
February 19, 2006

Crude oil imported from the Middle East, such as Saudi Arabia, accounted for 90.2% of the entire crude oil supply that Japan imported in 2005. A survey by the Ministry of Economy, Trade and Industry (METI) found that Japan's reliance on the Middle East for imports of crude oil imports topped 90% for the first time since 1968 before the 1970s oil crises. The reason is because

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such imports from China, whose excess export capacity is dwindling due to a sharp increase in domestic demand, have fallen. Japan has tried to diversify crude oil suppliers from an energy security perspective. It will likely be pressed to make a new approach in the future, including an effort to further reduce reliance on oil in meeting energy demand as a whole.

Japan imported 245.19 million kiloliters of crude oil in 2005, up 0.7% from the previous year, of which Middle Eastern products accounted for 221.26 million kiloliters, up 2.3% from the preceding year. Japan's reliance on crude oil from the Middle East topped the previous year's level (88.9%) by 1.3 points.

Since the two oil crises in the 1970s, Japan has made efforts to import crude oil from various countries, instead of solely relying on the Middle East. As a result, imports from China, which had been nil up until that time, amounted to about 8% of the entire imports. The ratio of imports of Indonesian crude oil was boosted to about 16%. As a result, Japan's reliance on the Middle East, which peaked in 1968 at 90.9%, dropped to 67.4% in 1987.

However, demand for crude oil in Asian countries has sharply increased since the 1990s. China, which had been a major oil producing country, turned into an importing country in 1996. In 2004, it virtually stopped exporting to Japan. The ratio of imports of Indonesian products has fallen since 1993 and reached the single-digit level, marking 2.9% in 2005. As a result, Japan has to rely on countries, such as Saudi Arabia, to cover the shortage, resulting in a rise in reliance on the Middle East.

(7) Government to buy CO2 emission credits from developing countries in return for assistance to them

ASAHI (Page 11) (Full)  
February 16, 2006

The government will begin purchasing carbon dioxide credits starting this April under the Clean Development Mechanism (CDM) approved by the Kyoto Protocol. Behind this move is the prospects



that even if Japan pursues greenhouse gas reduction projects at home, it cannot reduce approximately 100 millions of tons of emissions, or 27% of the mandatory reduction target set for it during a period from 2006 through 2012. The prices of emission credits are expected to soar in the years ahead. Japan, which lags behind European and other nations in terms of emission trading, would have to prepare a large financial outlay.

Budget likely to be ballooned due to lagging behind other nations

The New Energy and Industrial Technology Development Organization (NEDO) will buy emission credits, with the oil special account and the general account as financial sources. The government has already submitted to the current Diet session bills to revise relevant laws, including the Oil Special Account Law and the NEDO Law.

NEDO will lead Japanese firms in advancing negotiations on emission trading, aiming to conclude in fiscal 2006 a contract on purchasing emission credits for some 20 millions of tons of emissions. It plans to complete the purchase of the target amount for eight years until fiscal 2013.

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The prices of emission credits are expected to rise two or four times over next several years. According to a survey by the World Bank, the average emission credit price of carbon dioxide was 5.63 dollars per ton in 2005, but the price will rise to 11.4 dollars - double the current price - in 2010. The International Emissions Trading Association (IETA) forecasts the price will jump to 23.3 dollars. If last year's price level continues, Japan needs about 70 billion yen to purchase an emission credit for the 100 millions of tons of carbon dioxide. But if the price surges as expected, the purchase price will run up to 200 billion yen or more, depending on circumstances.

The reason why the price is likely to soar is because Canada, which has faced difficulties in cutting the emission of carbon dioxide, will start buying a large amount of emission credits in the near future.

On emission trading under the CDM, European nations have taken a lead, for instance, the Netherlands (started it in 2000) followed by Spain and Italy (in 2003). The Netherlands, which aims to secure the emission credit for the same amount of 100 millions of tons as Japan's, seems to have already concluded by 2005 a purchasing contract on emission credits for 80 millions of tons or more, or 80% of the target.

Japan has lagged behind other nations in emission trading because the Finance Ministry objected to budgetary action for emission trading before the Kyoto Protocol went into effect.

The Kyoto Protocol obligates Japan to reduce greenhouse gases by 6% on average annually from the 1990 levels during a period from 2008 through 2012. Considering emission increases later calculated, Japan needs to reduce greenhouse gases by a total of 12 % . According to the Target Attainment Plan for the Kyoto Protocol approved last April by the cabinet, a 10.4% greenhouse gas reduction is planned by stepping up energy-saving measures and strengthening, for instance, collection of Freon. The remaining 1.6% emission reduction is planned to be realized by emission trading.

Firms active in implementing CDM projects

In contrast to the government that is slow to take action, Japanese firms are active in implementing CDM-based projects.

In order for Japanese firms to obtain emission credits, they need to receive approval from the Japanese government, the governments of developing nations where projects will be implemented, and the UN CDM Board. The Japanese government has certified 41 CDM projects. A total of traded emissions from those projects have greatly exceeded the government's purchase target and reached

35.6 millions of tons.

Of the 41 projects, 13 have already received UN approval, for instance, Sumitomo Corp.'s chemical plant improvement project in India (that will cut 3.38 millions of tons of emissions annually), a Nippon Oil-affiliated company's natural gas recovery project in Vietnam (680,000 tons) and Showa Shell's methane gas recovery project in Brazil (660,000 tons). Their emission credits will come to 16 millions of tons annually.

Japanese firms are free to sell their emission credits to whatever countries they are. A senior official of the Ministry of

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Economy, Trade and Industry said warily: "Japanese firms' emission credits are highly reliable, so we could face a scramble for such credits with the Canadian government and European firms."

(8) Editorial: System that envisages post-Kyoto Protocol needed

NIHON KEIZAI (Page 2) (Full)  
February 2, 2006

The Kyoto Protocol stipulates that industrialized countries take the lead in cutting back on emissions of such global warming gasses as carbon dioxide (CO2). The pact was adopted in late 1997. In the spring of 1998, British industry, represented by such persons as Lord Marshall, president of the Confederation of British Industry), and the British government started talks on an effective system for emission cuts.

This system, called a cap and trade program, combines a climate change tax and trade in emission rights. The EU adopted it last year. The system will set international standards as a mechanism for government to support the private sector's autonomous efforts to reduce emissions of greenhouse gasses.

The Kyoto Protocol went into effect on Feb. 16, 2005, seven years after its adoption. What emission reduction programs has Japan implemented during that timeframe?

Edo, the world's largest city more than 100 years ago, had a sophisticated society centered on recycling. Now Japan has the highest level of energy efficiency among industrialized countries as a result of energy-conservation efforts. It had been expected that Japan would set a model as an emission reduction society with the enactment of the Kyoto Protocol.

The first commitment period of the pact starts in 2008. However, Japan has only partially started government-sponsored programs, including putting in motion a top-runner formula, energy-conserving guidelines for household electric appliances. Carbon emissions trading system is still at the experimental stage. The introduction of an environmental tax has been put off for the second consecutive year.

It is time for Japan to introduce a system aimed to promote emission cutbacks in a sustainable manner, instead of waiting for industrial circles and consumers to act spontaneously. In that sense, it is worthy of attention that from among business circles, which had opposed the idea of introducing a new tax, the Japanese Association of Corporate Executives (Keizai Doyukai) has called for changing the present concept of taxation by drastically reviewing the current tax system, under which taxes are imposed where it is easy to do so. It has proposed introducing an environment-friendly carbon tax and incorporating it into general revenues.

The global trend is definitely changing. Even in US Congress, there are almost no lawmakers who deny the argument that global warming has been caused by human activities. The US administration has opted out of the Kyoto Protocol and still remains outside the framework. However, various economic measures to cut emissions, based on market mechanisms, were worked out in detail during last year's meeting of the parties of the Kyoto

Protocol, and they have now gotten under way.

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Discussions on the next framework that will replace the Kyoto Protocol have already started. Various forms for such a framework have been proposed and searched for. Japan should take the lead in such talks, while achieving reduction targets set in the Kyoto Protocol.

SCHIEFFER